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# Message Text

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PAGE 01 KUWAIT 02868 140812Z
ACTION NEA-11

INFO OCT-01 EA-10 ISO-00 CIAE-00 DODE-00 PM-05 H-01
INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15
ICA-11 COME-00 EB-08 LAB-04 SIL-01 TRSE-00 OMB-01
/089 W
----------100735 140821Z /10
R 140721Z MAY 78
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 0953
INFO AMEMBASSY ABU DHABI
USINT BAGHDAD
AMEMBASSY DOHA
AMEMBASSY MANAMA
AMEMBASSY SEOUL
AMEMBASSY JIDDA
AMCONSUL DHAHRAN

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E.O. 11652: N/A
TAGS: PINS, SPOP, KS
SUBJ: ANTI-KOREAN COMMENTARY IN KUWAITI PRESS

REF( (A) SUH-SWEANY MEMCON OF SEPT. 12, 1977 (NOTAL);
(B) MANAMA 1076.

1. FOR THE FIRST TIME IN KUWAIT, THE EXPANDING SOUTH KOREAN LABOR FORCE HERE IS SUBJECT TO PRESS CURIOSITY AND SOME HOSTILITY. THIS WAS PERHAPS INEVITABLE GIVEN CULTURAL DIFFERENCES, KUWAITI PROVINCIALISM AND THE FACT THAT THIS FORCE NOW NUMBERS OVER 10,000, OR ROUGHLY ONE PERCENT OF THE POPULATION OF KUWAIT. RECENT PRESS ATTENTION DOES REFLECT SOME ACTUAL CONCERN HERE ABOUT KOREAN WORKERS.

2. SEERAL PRESS STORIES HAVE APPEARED IN RECENT DAYS
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PAGE 02 KUWAIT 02868 140812Z

ALLUDING TO THE EXPANDING KOREAN WORK FORCE AND INCLUDING SPECULATION ABOUT ITS SIZE, ECONOMIC RELATIONSHIP TO KUWAIT, MILITARY STYLE ORGANIZAZION, AND RELATION TO US INTERESTS IN THE GULF. TWO KUWAITI DAILIES CARRIED STORIES MAY 8 COMPLIED FROM NEGATIVE ANSWERS GIVEN TO A NEWSMAN'S PROVOCATIVE QUESTIONS ON THE KOREAN ROLE IN THE GULF. NEWSMAN APPARENTLY CONFRONTED SOUTH KOREAN TRADE REP AND PRESIDENT OF INTERNATIONAL

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

CONSTRUCTION COMPANY (KOREAN) WITH "RUMORS" OF A LINK BETWEEN THE "83 THOUSAND" KOREAN WORKERS IN THE GULF AND USG CONTINGENCY PLANS FOR INTERVENTION IN THE GULF. SUKH RUMORS ALLEGEDLY WEJE FED BY THE FACT THAT MANY KOREAN WORKERS HAD PREVIOUSLY RECEIVED MILITARY TRAINING AND THAT KOREAN BIDS ON A NUMBER OF CONSTRUCTION JOBS WERE UNECONOMICALLY LOW, RESULTING IN SPECULATION THAT THERE MAY BE NON-ECONOMIC REASONS FOR THE KOREAN PRESENCE. THE ANTI-KOREAN THEME OF THESE ARTICLES WAS PICKED UP BY A THIRD PAPER ON MAY 10 IN AN EDITORIAL WHICH REFLECTS, THOUGH EXAGGERATES, THE FEELINGS OF SOME KUWAITIS ABOUT KOREAN WORKERS. THE WIRTER NOTED RUMORS OF A "DUBIOUS MISSION" FOR THE KOREANS AND CHARGED THAT THE PRESENCE OF "WORKERS WHO BECOME SOLDIERS IN NO TIME" RAISES A MAJBR QUESTION FOR KUWAIT. THE FOLLOWING FACTORS WERE SAID TO LEAD TO THE SUSPICION THAT THE KOREAN PRESENCE IS NOT BENEFICIAL AND IS SUSPECT: THEY IMPORT THEIR OWN FOOD, TEMPORARY QUARTERS, AND CONSTRUCTION MATERIALS* THUS BENEFITTING LOCAL BUSINESSMEN MINIMALLY; SOME HAVE US NATIONALITY; MANY ARE MILITARY-TRAINING AND THEIR LIFE STYLE IS MILITARISTIC; KOREAN EXECUTIVES ARE ALLEGED TO HAVE ADMITTED THAT THEY ARE NOT MAKING MUCH MONEY IN MANY PROJECTS, SO WHY DO THEY AND THEIR WORKERS STAY?

3. COMMENT. WE OCCASUONALLY HEAR ALLUSIONS TO THE ABOVE LISTEDFACTORS IN CONVERSATIONS WITH KUWAITI OFFICIALS AND BUSINESSMEN. THE POINT WHICH THEY DEEM MOST REMARKABLE IS THEIR BELIEF THAT KOREAN COMPANIES ARE TAKING LOSSES ON
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PROJECTS IN KUWAIT. THIS BELIEF IS FUELED BY SERVAL INSTANCES WHEN LOCAL CONTRACTORS BID AT COST AND BELOW AND STILL LOST THE TENDER TO A KOREAN FIRM. THE POINT THAT MANY LOCAL ENTREPRENEURS MISS, HOWEVER, IS THAT HIGH PRODUCTIVITY, EFFICIENT WORK METHODS, LOWER MANAGERIAL COSTS--THE KOREAN ENGINEER, MANAGER, OR ARCHITECH EARNS FAR LESS THAN HIS ARAB COUNTERPART--AND AVOIDANCE OF EXORBITANT MATERIAL AND EQUIPMENT MARKUPS OUT COSTS, THROUGH SELF IMPORTATION, CREATE AN ACCEPTABLE PROFIT MARGIN FOR THE KOREANS WHERE THE LOCAL FIRMS WOULD SEE ONLY RED INK. THE KOREANS HAVE ALSO TAKEN ON SMALL JOBS IN THE LULLSBETWEENMAJOR PROJECTS AT PRICES WHICH COVER THEIR FIXED COSTS AND A PORTION OF THEIR VARIABLE COSTS, IN AN EFFORT TO SMOOTH OUT THE EFFECT ON THEIR PROFIT OF KUWAIT'S CYCLICAL CONSTRUCTION MARKET. SUCH BEHAVIOR IS INCONCEIVABLE TO MANY LOCAL ENTREPRENEURS; THEIR LACK OF COMPREHENSION, COUPLED WITH ENVY AT CONTINUED KOREAN SUCCESS, GIVES RISE TO THE SUSPICIONS NOTED ABOVE.
SUTHERLAND

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# Message Attributes

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EO Systematic Review
20 Mar 2014
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